

Message Text

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PAGE 01 MONTRE 00138 201722Z
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FOR EUR/CAN AND VICE PRESIDENT'S OFFICE (BURNS AND BIEGING)

E.O. 11652: NA
TAGS: OVIP (WALTER MONDALE), CA
SUBJECT: CANADIAN COVERAGE OF VICE PRESIDENT'S VISIT

1. LEAD EDITORIAL IN TODAY'S MONTREAL STAR, "MR. MONDALE BARGAINS,"
READS AS FOLLOWS:

"WALTER MONDALE, IT IS CLEAR, CAME TO OTTAWA THIS WEEK READY
TO BARGAIN. HAPPILY, MOST OF THE PROPOSITIONS THE U.S.
VICE-PRESIDENT BROUGHT WITH HIM OFFERED POTENTIAL MUTUAL
BENEFIT TO HIS COUNTRY AND TO OURS.

THE MOST IMPORTANT PROPOSAL IN THE U.S. VIEW WAS UNDOUBTEDLY
THE SUGGESTION OF A NATURAL GAS SWAP - ALBERTA GAS TO THE
U.S. NOW, IN RETURN FOR ALASKA GAS TO CANADA LATER.

IF IT CAN BE APPLIED IN EQUITABLE TERMS THE PROPOSAL MAKES
SENSE. THE NATIONAL ENERGY BOARD WAS THE FIRST BODY TO
SUGGEST SUCH A SWAP IN ITS REPORT ON THE PROPOSED MACKENZIE
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PAGE 02 MONTRE 00138 201722Z

GAS PIPELINE LAST SUMMER. IT POINTED TO THE LIKELIHOOD OF
A "GAS BULGE" - A PERIOD BETWEEN NOW AND 1985 WHEN THE MOST
EFFICIENT PRODUCTION RATE OF ALBERTA NATURAL GAS WOULD EX-
CEED AVAILABLE MARKETS. IT PROPOSED THAT, IF MARKETS COULD
BE DEVELOPED FOR THAT GAS, THE RESULT WOULD BE MORE CASH
FLOW TO THE OIL PRODUCERS WHICH WOULD LEAD TO MORE EXPLO-
RATION AND POTENTIALLY TO THE DISCOVERY OF MORE GAS.

THE OBVIOUS CUSTOMER FOR THAT TEMPORARY EXCESS WOULD BE THE UNITED STATES, WHICH IS SUFFERING FROM AN ACUTE SHORTAGE. THE REASONABLE WAY TO MAKE A DEAL WOULD BE TO SWAP CURRENT CANADIAN SUPPLIES FOR FUTURE DELIVERIES FROM ALASKA.

THERE ARE TWO CANADIAN CONDITIONS IN SUCH A DEAL. THE FIRST COMES FROM ALBERTA, WHICH CONTROLS THE GAS AND WANTS TO GET MAXIMUM BENEFIT FROM THAT CONTROL. PREMIER LOUGHEED HAS MADE IT CLEAR THAT HIS PROVINCE WANTS TO TRADE EARLY DELIVERY OF THE GAS FOR U.S. TARIFF CONCESSIONS ON ALBERTA PETROCHEMICAL AND AGRICULTURAL PRODUCTS. AT THE SAME TIME THE FEDERAL GOVERNMENT WOULD LIKE TO ENSURE THAT THE FUTURE ALASKAN GAS WE WOULD BUY WON'T BE VASTLY MORE EXPENSIVE THAN THE ALBERTA GAS WE PROPOSE TO SELL.

MR. MONDALE SEEMED OPEN TO AGREEMENT ON BOTH ISSUES. HE PROMISED THE ALBERTANS THAT THE PROPOSALS THE U.S. IS MAKING TO THE TOKYO ROUND OF TARIFF TALKS WILL PROVE WASHINGTON'S DEVOTION TO LOWER TARIFFS. ALBERTA, HOWEVER, WILL WANT SOMTHING MORE IMMEDIATE THAN A GENERAL PROMISE OF TRADE CONCESSIONS IN A MULTILATERAL NEGOTIATION.

THERE IS PLENTY OF ROOM FOR ENCOURAGEMENT, HOWEVER, IN THE WARM AND BUSINESSLIKE TONE OF MR. MONDALE'S PRESENTATIONS IN THIS COUNTRY. THE FRANK RECOGNITION OF MUTUAL BENEFIT
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PAGE 03 MONTRE 00138 201722Z

HAS ALWAYS BEEN THE FIRMEST FOUNDATION FOR GOOD RELATIONS BETWEEN CANADA AND THE UNITED STATES."

2. LE DEVOIR CARRIES SMALL ITEM, "MONDALE SATISFIED," WHICH READS (IN TRANSLATION): "THE VICE PRESIDENT OF THE UNITED STATES, MR. WALTER MONDALE, HAS RETURNED TO WASHINGTON AFTER HAVING RECEIVED A FAVORABLE RESPONSE FROM PRIME MINISTER TRUDEAU AND PREMIER LOUGHEED OF ALBERTA FOR AN INCREASE OF DELIVERIES OF CANADIAN NATURAL GAS TO THE USA. DESCRIBING HIS VISIT AS FRUITFUL, MR. MONDALE DID NOT STATE PRECISELY WHETHER THE USA WILL ACCEPT THE CONDITIONS POSED BY MR. LOUGHEED IN EXCHANGE FOR THE GAS. UNDER THIS PROPOSITION, ALBERTA WOULD INCREASE ITS SHIPMENTS OF GAS TO THE USA NOW AND WOULD RECEIVE IN RETURN ALSAKAN GAS WHEN THE PIPELINE IS FINISHED, IN THE 1980'S. ALBERTA WOULD WANT, HOWEVER, TO OBTAIN TARIFF CONCESSIONS FROM THE USA FOR ITS AGRICULTURAL AND PETROCHEMICAL PRODUCTS."

3. NOTHING ON ELECTRONIC MEDIA SINCE VP'S DEPARTURE.
HARPER

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